

# **South Lyon Community Schools**

---

**Federal Awards  
Supplemental Information  
June 30, 2008**

# South Lyon Community Schools

---

## Contents

Independent Auditor's Report	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4-5
Schedule of Expenditures of Federal Awards	6-8
Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	9
Notes to Schedule of Expenditures of Federal Awards	10
Schedule of Findings and Questioned Costs	11-12

## Independent Auditor's Report

To the Board of Education  
South Lyon Community Schools

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lyon Community Schools as of and for the year ended June 30, 2008, which collectively comprise South Lyon Community Schools' basic financial statements, and have issued our report thereon dated October 6, 2008. Those basic financial statements are the responsibility of the management of South Lyon Community Schools. Our responsibility was to express opinions on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise South Lyon Community Schools' basic financial statements. The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Plante & Moran, PLLC*

October 6, 2008

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards*

To the Board of Education  
South Lyon Community Schools

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of South Lyon Community Schools as of and for the year ended June 30, 2008, which collectively comprise South Lyon Community Schools' basic financial statements, and have issued our report thereon dated October 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered South Lyon Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Lyon Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of South Lyon Community Schools' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Education  
South Lyon Community Schools

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether South Lyon Community Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, the federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 6, 2008

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Education  
South Lyon Community Schools

### Compliance

We have audited the compliance of South Lyon Community Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. The major federal programs of South Lyon Community Schools are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of South Lyon Community Schools' management. Our responsibility is to express an opinion on South Lyon Community Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about South Lyon Community Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on South Lyon Community Schools' compliance with those requirements.

In our opinion, South Lyon Community Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

To the Board of Education  
South Lyon Community Schools

### **Internal Control Over Compliance**

The management of South Lyon Community Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered South Lyon Community Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, the federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Plante & Moran, PLLC*

October 6, 2008

# South Lyon Community Schools

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2008
<b>Clusters:</b>								
<b>Child Nutrition Cluster:</b>								
U.S. Department of Agriculture - Passed through the Michigan Department of Education:								
National School Breakfast Program 2007-2008	10.553	\$ 57,100	\$ -	\$ -	\$ -	\$ 57,100	\$ 57,100	\$ -
National School Lunch Program- 2007-2008	10.555	345,201	-	-	-	345,201	345,201	-
Total Child Nutrition Cluster		402,301	-	-	-	402,301	402,301	-
<b>Special Education Cluster - U.S. Department of Education - Passed through the Oakland County ISD:</b>								
IDEA:								
Project number 070450		1,184,062	1,184,062	1,184,062	-	1,162,772	-	21,290
Project number 080450		1,311,591	-	-	-	-	1,308,532	1,308,532
Total IDEA		2,495,653	1,184,062	1,184,062	-	1,162,772	1,308,532	1,329,822
Preschool Incentive:								
Project number 070460	84.173	41,055	40,767	40,767	-	40,767	288	288
Project number 080460		39,433	-	-	-	-	39,433	39,433
Total Preschool Incentive		80,488	40,767	40,767	-	40,767	39,721	39,721
Total Special Education Cluster		2,576,141	1,224,829	1,224,829	-	1,203,539	1,348,253	1,369,543
<b>Other Federal Awards:</b>								
U.S. Department of Education - Passed through the Michigan Department of Education:								
Title I:								
Project number 061530-0607	84.010	795	795	795	-	795	-	-
Project number 071530-0607		247,025	229,607	229,607	-	229,607	-	-
Project number 081530-0708		426,927	-	-	-	364,550	417,642	53,092
Total Title I		674,747	230,402	230,402	-	594,952	417,642	53,092

# South Lyon Community Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2008
Other Federal Awards (Continued):								
U.S. Department of Education - Passed through the Michigan Department of Education (Continued):								
Title V:	84.298							
Project number 060250-0607		\$ 2,733	\$ 2,733	\$ 2,733	\$ -	\$ 2,733	\$ -	\$ -
Project number 070250-0607		1,415	431	431	-	431	984	984
Project number 080250-0708		1,423	-	-	-	-	-	-
Total Title V		5,571	3,164	3,164	-	3,164	984	984
Technology Literacy Challenge Grant:	84.318							
Project number 064290-0607		54	54	54	-	54	-	-
Project number 074290-0607		2,507	1,945	1,945	-	1,945	274	274
Project number 084290-0708		3,849	-	-	-	-	-	-
Total Technology Literacy Challenge		6,410	1,999	1,999	-	1,999	274	274
Title IIA - Improving Teacher Quality:	84.367							
Project number 060520-0607		10,643	10,643	10,643	-	10,643	-	-
Project number 070520-0607		140,146	99,540	99,540	-	140,146	40,606	-
Project number 080520-0708		143,962	-	-	-	55,074	66,637	11,563
Total Title IIA - Improving Teacher Quality		294,751	110,183	110,183	-	205,863	107,243	11,563
Safe and Drug-free Schools and Communities:	84.186							
Project number 062860-0607		73	73	73	-	73	-	-
Project number 072860-0607		17,132	17,132	17,132	-	17,132	-	-
Project number 082860-0708		18,366	-	-	-	16,501	16,651	150
Total Safe and Drug-free Schools and Communities		35,571	17,205	17,205	-	33,706	16,651	150
Emerald Ash Borer Grant - Project number 06-38	10.664	17,250	-	-	-	17,250	17,250	-
Total noncluster programs passed through the Michigan Department of Education		1,034,300	362,953	362,953	-	856,934	560,044	66,063

# South Lyon Community Schools

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2008

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2007	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2008
Other Federal Awards (Continued):								
U.S. Department of Agriculture - Passed through the Michigan Department of Education - Food Distribution:								
Entitlement commodities - 2007-2008	10.550	\$ 78,790	\$ -	\$ -	\$ -	\$ 82,189	\$ 82,189	\$ -
Bonus commodities 2007-2008		1,884	-	-	-	1,884	1,884	-
Total U.S. Department of Agriculture noncluster program		80,674	-	-	-	84,073	84,073	-
Total federal awards		<u>\$ 4,093,416</u>	<u>\$ 1,587,782</u>	<u>\$ 1,587,782</u>	<u>\$ -</u>	<u>\$ 2,546,847</u>	<u>\$ 2,394,671</u>	<u>\$ 1,435,606</u>

# South Lyon Community Schools

---

## Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 2,196,989
Revenue deferred in prior year for financial statement purposes as not meeting the "available" criteria of GASB No. 33	(53,212)
Revenue deferred in current year for financial statement purposes as not meeting the "available" criteria of GASB No. 33	<u>250,894</u>
Federal expenditures per the schedule of expenditures of federal awards	<u><b>\$ 2,394,671</b></u>

# South Lyon Community Schools

---

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2008

### **Note 1 - Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Lyon Community Schools and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Note 2 - Noncash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of OMB Circular A-133.

### **Note 3 - Grant Section Auditor's Report**

Management has utilized Form R-7120 and the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

# South Lyon Community Schools

## Schedule of Findings and Questioned Costs Year Ended June 30, 2008

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?         Yes     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?     Yes     None reported

Noncompliance material to financial statements noted?         Yes     No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified?         Yes     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?     Yes     None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?         Yes     No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Special Education Cluster:
84.027	IDEA
84.173	Preschool Incentive
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?         Yes     No

# **South Lyon Community Schools**

---

## **Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2008**

### **Section II - Financial Statement Audit Findings**

None

### **Section III - Federal Program Audit Findings**

None